Impact of Corporate Governance and CSR activities on the Performance of Indian Corporate Sector: An Analytical study

A

Synopsis

Submitted for the Registration of

Degree of Doctor of Philosophy

In Accountancy & Law

(Faculty of Commerce)

Under the Supervision of :

Prof. L. N. Koli,

Dept. of Accountancy and Law,

Faculty of Commerce

Dayalbagh Educational Institute

Under the Co-Supervision of:-

Dr. Venugopalan T.

Dept. of Commerce,

SGTB Khalsa College

University of Delhi

Submitted by:

Aakriti Goyal

Research Scholar

DAYALBAGH EDUCATIONAL INSTITUTE

(DEEMED TO BE UNIVERSITY)

DAYALBAGH, AGRA-282005

A^+ Grade University by NAAC

INTRODUCTION

"Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure."

Concept of Corporate Governance is not new in the corporate world. However, rules and regulations for Corporate Governance have evolved a lot over time. Laws and legislations for corporate governance are country specific and vary from country to country depending on its corporate requirements. .Owing to the legacy from the British government and its own corporate structure, India after independence had struggled a lot to frame a unified piece of law for corporate governance.

Umakanth Varottil (2015) in **"The Evolution Of Corporate Law In Post - Colonial India: From Transplant To Autochthony"** has traced the beginning of corporate governance reforms in India in the 1990s with the objective of attracting foreign Investment.

Raghuveer Kaur (2018), in "**A Literature Review in the Chronology of Corporate Governance Evolution in India"** divided the process of evolution of Corporate Governance in 11 stages. As a first step towards reforms of corporate governance in India and Inspired by Anglo- Saxon model, a set of non-mandatory code of CG for listed companies was released by the Confederation of Indian Industry.

Thereafter, Kumara Mangalam Committee was formed by SEBI in 1999 to recommend and promote standards for corporate governance. Subsequently these recommendations were accepted by SEBI and were incorporated in Clause 49 of the Listing Agreement of the Stock Exchange.

In 2000, a study group was formed under Dr. PL Sanjeev Reddy by Department of Corporate Affairs to study ways and methods to operationalize the concept of corporate on a sustained basis.

In 2002 after the Enron scandal, Naresh Chandra Committee was formed by DCA in order to recommend amendments to laws related to auditor and client association and involving role of independent directors.

Another committee was formed under the chairmanship of Mr. Narayan Murthy for reviewing Clause 49 and for giving suggestions on ways to improve standards of corporate governance.

Clause 49 of the Listing Agreement became an important regulation from 31st December 2005.

In 2009, after Satyam Scandal, a taskforce was formed by CII to look into efficacy of Corporate governance. In order to attain balance between norms issued for governance and situation of absence of regulations for imposing these norms, the taskforce issued a set of voluntary reforms.

In order to safeguard whistleblower, a corporate governance and Ethics Committee was formed under the chairmanship of Mr Narayan Murthy by National Association of Software and Services Companies (NASSCOM).

After the Companies Act 2013, SEBI released a consultation paper for strengthening corporate governance in India as a result of which Clause 49 was revised making it mandatory to follow some guidelines which were voluntary as per previous Clause 49. This revolutionary step in the field of Indian Corporate Governance marked the beginning for huge plethora of research on the impact of present day corporate governance mechanism on performance of firms.

Jayati Sarkar (2012) in **"A Corporate Governance Index for Large Listed Companies in India "** has found a strong relationship between corporate governance index and market performance of Indian companies. For the purpose of study he constructed a corporate governance index of 500 large listed Indian firms using information on four important corporate governance mechanisms: the board of directors, the ownership structure, the audit committee, and the external auditor. **Karam Pal Narwal (2015)** in **"The Impact of Corporate Governance on the Profitability: An Empirical Study of Indian Textile Industry"** studied the impact of corporate governance on the profitability of Indian textile sectors and found a strong positive association between director's remuneration and profitability. However, the association between audit committee and profitability was found to be negative and association between board size, board meeting and non- executive directors was found to be neutral. **Akshita Arora (2016)** in **"Corporate governance and firm performance in developing countries: evidence from India"** using ROA, ROE and net profit margin (NPM) as accounting measures, and adjusted Tobin's q (TQ) and stock returns (SR) as market performance measures along with The board characteristics like board size, independence, activity intensity,CEO-duality and institutional ownership as measures of corporate governance, has concluded that larger boards are associated with a greater depth of intellectual knowledge, which in turn helps in improving decision-making and enhancing the performance. On the other side, the results indicate that return on equity and profitability is not related to corporate governance indicators. The results also suggest that CEO duality is not related to any firm performance measures for the sample firms. **Nidhi Bansal (2016)** in **"Audit Committee, Corporate Governance and Firm Performance:Empirical Evidence from India"** has found significant positive association of board size and CEO-Chairman dual role with firm performance. However, findings did not reveal any additional effect of audit committee independence and its meeting frequency on the financial performance of Indian firms. **Tamer Mohamed Shahwan (2015)** in **"The effects of corporate governance on financial performance and financial distress: evidence from Egypt"** has studied the effect of corporate governance on financial performance and financial distress of egyptian firms and has not found any positive association in Corporate Governance practices and financial performance.

It is sometimes considered that CSR and Corporate Governance are two sides of the same coin.

"Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable — to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society including economic, social, and environmental. To engage in CSR means that, in the normal course of business, a company is operating in ways that enhance society and the environment, instead of contributing negatively to them."

Researchers have also studied the impact of CSR activities on performance of firm. **Dima Jamali (2008)** in **"Corporate Governance and Corporate Social Responsibility Synergies and Interrelationships"** has suggested a two way Corporate Governance and Corporate Social Responsibility Synergies and Interrelationships. He has suggested that CG and CSR share more in common than previously assumed, and this needs to be accounted for by practitioners. **Hoje Jo (2011)** in **"The Causal Effect of Corporate Governance on Corporate Social Responsibility"** has studied the relationship between corporate governance and corporate social responsibility. He found that while the lag of CSR does not affect CG variables, the lag of CG variables positively affects firms' CSR engagement, after controlling for various firm characteristics

Present study is an attempt to analyse the impact of Corporate Governance Mechanism and its counterpart i.e. Corporate Social Responsibility activities separately as well as jointly on firm performance along with studying impact of Corporate Governance Mechanisms on CSR disclosure practices.

NEED FOR THE STUDY

In present- day- times, ownership structure of corporates have changed considerably. Ownership now does not remain confined in the hands of a few shareholders who control the company according to their wishes. Shareholders these days are widespread and force the management to abide by certain codes of corporate governance. Along with shareholders, the whole society expects corporations to act in a responsible manner towards all its stakeholders. Codes of corporate governance are also helpful in avoiding scams and scandals. Moreover, only those companies which are well managed according to standard codes of corporate governance can get listed on International stock exchanges. Corporate governance encourage business to comply with standards of financial reporting and accountability by the board of directors and in turn has resulted in better performance of companies.

Corporate governance and corporate social responsibility have long been a matter of discussion among researchers as to how they are related to the performance of the firm. A huge plethora of research exists on the impact of various elements of corporate governance and corporate social responsibility activities separately on performance of firm. But as per authors knowledge, there does not exist any study that has studied the impact of corporate governance mechanisms on firm performance jointly with corporate social responsibility activities. Most of the studies have examined the impact of CSR activities and corporate governance separately on firm performance. Present study is unique in the sense that it will bridge the gap in extant literature by studying the impact of both CSR activities and Corporate governance mechanism separately on firm performance as well as study the impact of corporate governance mechanisms and CSR activities jointly on firm performance. Moreover, the Impact of Corporate Governance Mechanism on CSR disclosure practices has also been studied.

REVIEW OF LITERATURE

National Literature Review

S. No.	Author Name	Title	Publication Details	Objective	Methodology	Findings
IMPACT OF CORPORATE GOVERNANCE ON FIRM PERFORMANCE						
1.	Sanjai Bhagat and Brian Bolton (2007)	Corporate Governance And Firm Performance	Journal of Corporate Finance; Volume 14; Pg: 257-273	To study the relationship between corporate governance and performance while taking into account the endogeneity of the relationships among corporate governance, corporate performance, corporate capital structure, and corporate ownership structure	Variables for governance likes: Board Independence, Median Director Dollar Value Ownership, Median Director Percent Value Ownership, CEO Chair-Duality, CEO Ownership, and variables for performance like: ROA, Stock Return, Tobin's Q, Last 2 year performance and industry performance were used to create model that was estimated using ordinary least squares (OLS), two-stage least squares (2SLS) to allow for potential endogeneity, and	Stock ownership of board members, and CEO-Chair separation is significantly positively correlated with better contemporaneous and subsequent operating performance. None of the above mentioned measures of corporate governance are correlated with future stock market performance. Given poor firm performance, the probability of disciplinary management turnover is positively correlated with stock ownership of board members, and board independence.

					three-stage least squares (3SLS) to allow for potential endogeneity and cross-correlation between the equations.	
2.	Karam Pal Narwal and Sonia Jindal (2015)	The Impact of Corporate Governance on the Profitability: An Empirical Study of Indian Textile Industry	International Journal of Research in Management, Science & Technology Vol. 3, No. 2, Pg. 81-85	To study the impact of CG on profitability of India textile industry.	Data was taken from annual reports of textile companies for year 2009-20120 and 2013-2014. Profitability was taken as dependent variable and board size, audit committee members, board meetings, non executive directors, directors remunerations as independent variables.For analyzing the data, correlation and OLS regression model has been used in this study.	A strong positive association is observed between director's remuneration and profitability. The Audit Committee members is observed negative associated with the profitability. The study concluded that board size, board meeting and non executive directors do not significant association with the profitability
3.	Nidhi Bansal & Anil K. Sharma (2016)	Audit Committee, Corporate Governance and Firm Performance: Empirical Evidence from India	International Journal of Economics and Finance; Vol. 8, No. 3; Pg. 103-116	To examine the role of audit committee characteristics (independence and frequency of meetings) in addition with other components of corporate	Fixed effect panel data regression was applied on 235 non-financial public limited companies listed in NSE 500. The time period considered was ten years (2004 to 2013). Return on Assets, Return on	Results reveal significant positive association of board size and CEO-Chairman dual role with firm performance. However, findings did not reveal any additional effect of audit committee independence and its meeting frequency on the financial performance of Indian firms. Regulators and policy makers may reexamine the

				governance (duality, promoter shareholding, board composition, and board size) in improving firm performance	Equity, Tobin's q and Market Capitalization were used as proxy of firm performance.	significance of greater independence of board and audit committee in context of firm performance.
4.	Akshita Arora and Chandan Sharma (2016)	Corporate governance and firm performance in developing countries: evidence from India	International review on corporate governance; Volume 18, issue. 2; pg. 420-436	The study aims to examine the impact of corporate governance on firm performance for a large representative sample	The empirical analysis focuses on a large number of companies covering 20 important industries of the Indian manufacturing sector for the period 2001-2010. Several alternative specifications and estimation techniques are used for analysis purposes, including system generalized methods of moments, which effectively overcome the problem of endogeneity and simultaneity bias.	On one side, the findings indicate that larger boards are associated with a greater depth of intellectual knowledge, which in turn helps in improving decision-making and enhancing the performance. On the other side, the results indicate that return on equity and profitability is not related to corporate governance indicators. The results also suggest that CEO duality is not related to any firm performance measures for the sample firms
IMPACT OF CSR ON FIRM PERFORMANCE						
5.	Supriti Mishra and Damodar Suar (2010)	Does Corporate Social Responsibility Influence	Journal of Business ethics.	This study examines whether corporate social responsibilit	Perceptual data on CSR and NFP were collected from 150 senior-level Indian managers	Findings indicate that stock-listed firms show responsible business practices and better FP than the non-stock-listed firms. Controlling

		Firm Performance of Indian Companies?		y (CSR) towards primary stakeholders influences the financial and the non-financial performance (NFP) of Indian firms.	including CEOs through questionnaire survey. Hard data on financial performance (FP) of the companies were obtained from secondary sources. A questionnaire for assessing CSR was developed with respect to six stakeholder groups – employees, customers, investors, community, natural environment, and suppliers. A composite measure of CSR was obtained by aggregating the six dimensions	confounding effects of stock-listing, ownership, and firm size, a favorable perception of managers towards CSR is found to be associated with increase in FP and NFP of firms. Such findings hold good when CSR is assessed for the six stakeholder groups in aggregate and for each stakeholder group in segregate. Findings suggest that responsible business practices towards primary stakeholders can be profitable and beneficial to Indian firms
6.	Najul Laskar and Santi G. Maji (2016)	Disclosure of Corporate Social Responsibility and Firm Performance: Evidence from India	Asia-Pacific Journal of Management Research and Innovation; Volume 12, issue 2; Pg: 145–154	To analyse CSR disclosure trend in India and to investigate the association between CSR and the performance of the firm from 2008–2009 to 2013–2014.	Content analysis is employed using Global Reporting Initiative (GRI) framework as a base to calculate the disclosure score relating to CSR and its components, that is, human related (HR) information, society related (SO) information and product related (PR) information.	CSR disclosure score is found to be increasing over the study period and regarding the components of CSR, the disclosure score of SO is found to be the highest (nearly 89 per cent) followed by HR (nearly 84 per cent) and PR (nearly 83 per cent). The results of the regression model indicate positive and significant impact of CSR (including its components) on firm performance.

					Firm performance is measured by Market to Book Ratio (MBR). These scores are further utilised to find the influence of CSR (including its components) on firm performance using random generalised least squares (GLS) model.	

International Literature Review

S. No.	Author Name	Title	Publication Details	Objective	Methodology	Findings
IMPACT OF CORPORATE GOVERNANCE ON FIRM PERFORMANCE						
1.	Dr. A. A. Azeez (2015)	Corporate Governance and Firm Performance: Evidence from Sri Lanka	Journal of Finance and Bank Management, Vol. 3, No. 1, pp. 180-189	To study the impact of corporate governance on firm performance in Sri Lanka	Data was obtained from 100 companies listed in the Colombo stock exchange for 2010-2012 and pearson correlation was used to perform regression analysis.	Small board size is a reason for better firm performance. Separation of position of CEO and Chairman has positive impact on performance of the firm. However, the presence of non executive director has no impact on performance of the firm.
2.	Esra Ahmed and Allam Hamdan (2015)	The Impact of Corporate Governance on Firm Performance: Evidenc	International Management Review; Volume 11, issue 2, Pg. 21-37	To study the impact of corporate governance policies in Bahrain on performance of Bahrain's firms.	42 companies listed on Bahrain Bourse were taken as sample and there date from 2007 to 2011 was taken. ROE is taken as a measure of Financial performance,	ROA and ROE are positively related to corporate governance. However EPS was not affected by corporate governance in any way.

		e From Bahrain Bourse			ROA as a measure of operational performance and EPS as a measure of Stock performance. Independent variable CG is measured in terms of ownership of the largest shareholder, board size, ownership of largest 3 shareholders, independence of board of directors, post of chairman and CEO and property managers.	
3.	Tamer Mohamed Shahwan (2015)	The effects of corporate governance on financial performance and financial distress: evidence from Egypt	CORPORATE GOVERNANCE VOL. 15 NO, issue 5; Pg. 641-662	This paper aims to empirically examine the quality of corporate governance (CG) practices in Egyptian-listed companies and their impact on firm performance and financial distress in the context of an emerging market	To assess the level of CG practices at a given firm, the current study constructs a corporate governance index (CGI) which consists of four dimensions: disclosure and transparency, composition of the board of directors, shareholders' rights and investor relations and ownership and control structure. Based on a sample of 86 non-financial	The overall score of the CGI, on average, suggests that the quality of CG practices within Egyptian-listed firms is relatively low. The results do not support the positive association between CG practices and financial performance. In addition, there is an insignificant negative relationship between CG practices and the likelihood of financial distress. The current study also provides evidence that firm-specific characteristics could be useful as a first-pass screen in determining firm performance and the likelihood of financial distress

				such as that of Egypt.	firms listed on the Egyptian Exchange, the effects of CG on performance and financial distress are assessed. Tobin's Q is used to assess corporate performance. At the same time, the Altman Z-score is used as a financial distress indicator, as it measures financial distress inversely. The bigger the Z-score, the smaller the risk of financial distress	
4.	Amina Buallay, Allam Hamdan and Qasim Zureigat (2017)	Corporate Governance and Firm Performance: Evidence from Saudi Arabia	Australasian Accounting, Business and Finance Journal ; volume 11, issue 1; pg 78-98	To measure the impact of Corporate Governance on Firm performance of listed companies in Saudi stock exchange	Pooled data for 171 companies listed on Saudi stock exchange was taken to study the impact of Corporate Governance on Firm performance	Governance level was 61.4% in Saudi stock exchange which is considered high compared to previous studies. The results of the study test indicate that there is no significant impact for corporate governance adoption on firm's operational and financial performance in the listed companies in Saudi stock exchange. By testing the Tobin's Q model the study also concluded that there's no significant impact for ownership of the largest shareholder and independency of Board of Directors on firm's market performance. Significant impact was found for the ownership and the size of the Board of Directors on firm's performance.

IMPACT OF CSR ON FIRM PERFORMANCE						
5.	Clodia Vurro, Francesco Perrini (2011)	Making the most of corporate social responsibility reporting: disclosure structure and its impact on performance	Corporate Governance, Vol. 11 No. 4, pp. 459-474.	Examining a three-year disclosure experience of a sample of Fortune 100 global companies, the paper aims to propose and test a model that relates the structure of CSR disclosure to corporate social performance. Based on the results obtained, it proposes to draw implications for emerging economies	Combining content analysis of CSR reports and corporate social performance data, the paper built a longitudinal dataset starting from the population of worldwide companies included in the Accountability Rating between 2004 and 2007. Longitudinal regression analysis is performed on a final sample size of 114 firm-year observations involving 38 firms over a three-year period.	The paper finds evidence that the level of disclosure does not improve firm ability to manage stakeholders. However, a finer-grained analysis of the structure of disclosure shows that better social performers are those who increased the breadth of their disclosure to stakeholders and uniformly distributed disclosure across stakeholders
6.	Olayinka Marte Uadiale, Temitope Olamide Fagbemi (2012)	Corporate Social Responsibility and Financial Performance in Developing Economies: The Nigerian Experience	Journal of Economics and Sustainable Development; Vol.3, No.4, pg: 44-55	This study focuses on developing economies and on Nigeria specifically	Using a sample of forty audited financial statements of quoted companies in Nigeria, this study examines the impact of CSR activities on financial performance measured with Return on Equity (ROE) and Return on Assets (ROA)	The results show that CSR has a positive and significant relationship with the financial performance measures. These results reinforce the accumulating body of empirical support for the positive impact of CSR on financial performance.

7.	Qi Li, Wei Luo, Yaping Wang and Liansheng Wu (2013)	Firm performance, corporate ownership, and corporate social responsibility disclosure in China	Business Ethics: A European Review Volume 22 Number 2; pg 159-173	The existing literature provides conflicting results on the association between firm performance and corporate social responsibility (CSR) disclosure. This paper empirically examines the effect of firm performance on CSR disclosure in terms of disclosure frequency and quality among Chinese listed firms and the possible mediating effect of corporate ownership on the relationship between firm performance and CSR disclosure.	To examine the relationship between firm performance and the likelihood and quality of CSR disclosure, and the effect of state ownership, we run Probit and Tobit regressions	better-performing firms are more likely than worse-performing ones to disclose CSR information and to produce higher quality CSR reports. In addition, the link between firm performance and CSR disclosure is found to be weaker among state-owned enterprises compared with non-state-owned ones.
8.	Vicente Lima Crisóstomo ,	Corporate Social Responsibility,	Social Responsibility Journal, Vol. 7 No. 2, pp. 295-	The purpose of the paper is to examine	Content analysis was conducted to extract data from two different	The results indicate that CSR is value destroying in Brazil since a negative correlation between CSR

	Fátima de Souza Freire and Felipe Cortes de Vasconcellos (2014)	Firm Value and Financial Performance in Brazil	309.	the relationship between Corporate Social Responsibility (CSR) and firm performance, taking into account firm value and financial performance, in an emerging market - Brazil.	sources, one relative to CSR data (IBase) and another that provided financial data (Economática). CSR indexes and financial performance measures were calculated to allow the estimation of regression analysis conducted to examine the relationship between CSR and performance.	and firm value was found. Additionally, a neutral relationship characterizes the mutual effect between CSR and financial performance. The study has examined the relationship between CSR and firm performance in a country where, as in most other non-developed markets, such relationship has not been object of research. Besides, we also see the use of a three dimensional measure of CSR, mainly considering a research undertaken in an emerging market, as a valuable contribution.
IMPACT OF CORPORATE GOVERNANCE ON CSR						
9.	Dima Jamali, Asem M. Safieddine and Myriam Rabbath (2008)	Corporate Governance and Corporate Social Responsibility Synergies and Interrelationships	An international review on corporate governance, Volume 15, issue 5; 443-459	To explore the interrelationships between corporate governance (CG) and corporate social responsibility (CSR)	first, theoretically, by reviewing the literature and surveying various postulations on offer; second, empirically, by investigating the conception and interpretation of this relationship in the context of a sample of firms operating in Lebanon.	A qualitative interpretive research methodology was adopted, drawing on in-depth interviews with the top managers of eight corporations operating in Lebanon, with the findings suggesting that the majority of managers conceive of CG as a necessary pillar for sustainable CSR. These findings are significant and interesting, implying that recent preoccupation with CG in developing countries is starting to be counterbalanced by some interest/attention to CSR, with growing appreciation of their interdependencies and the need to move beyond CG conformance toward voluntary CSR performance.

10.	Md. Habib-Uz-Zaman Khan (2010)	The effect of corporate governance elements on corporate social responsibility (CSR) reporting Empirical evidence from private commercial banks of Bangladesh	International Journal of Law and Management Vol. 52 No. 2,pp. 82-109	The purpose of this paper is to investigate the corporate social responsibility (CSR) reporting information of Bangladeshi listed commercial banks and explores the potential effects of corporate governance (CG) elements on CSR disclosures	The annual reports of all private commercial banks (PCB) for the year 2007-2008 are examined to analyse the banks' CSR reporting practice using content analysis. It also considers three elements of CG such as non-executive directors, existence of foreign nationalities and women representation in the board. The multiple regressions were used to measure the impact of CG elements on banks' CSR reporting initiatives	The results of the study demonstrate that though voluntary, overall CSR reporting by Bangladeshi PCB are rather moderate, however, the varieties of CSR items are really impressive. The results also displayed no significant relationship between the women representation in the board and CSR reporting. Conversely, non-executive directors and existence of foreign nationalities have been found the significant impact on the CSR reporting
11.	Hoje Jo , Maretno A, Harjoto (2011)	The Causal Effect of Corporate Governance on Corporate Social Responsibility	Journal of Business Ethics; Vol. 106, issue. 1; pg 53-72	To examine the empirical association between corporate governance (CG) and corporate social responsibility (CSR) engagement by investigating their causal		while the lag of CSR does not affect CG variables, the lag of CG variables positively affects firms' CSR engagement, after controlling for various firm characteristics.

				effects.		
12.	Mohammad Badrul Muttakin and Nava Subramaniam (2015)	Firm ownership and board characteristics Do they matter for corporate social responsibility disclosure of Indian companies?	Journal Article Collections: Faculty of Business and Law School of Accounting, Economics and Finance	This paper aims to examine whether the extent and type of corporate social responsibility (CSR) disclosures made by Indian public listed companies are associated with firm ownership and board characteristics	Data analysis is based on the top 100 companies listed on the Bombay Stock Exchange (2007 - 2011) using a 17 - item CSR disclosure measure.	The extent of CSR disclosure is positively associated with foreign ownership, government ownership and board independence and negatively associated with CEO duality. Promoter ownership has a negligible effect on the extent of CSR disclosure. In terms of the type of CSR disclosure, community information increases with government ownership and board independence, while environmental information expands with foreign ownership and board independence. Information on employees/ human resources has a positive association with foreign ownership but decreases with CEO duality. The amount of product and services information increases with promoter ownership, foreign ownership and board independence and CEO duality.
13.	ChungMing Lau, Yuan Lu, Qiang Liang (2016)	Corporate Social Responsibility in China: A Corporate Governance Approach	Journal of Bussiness Ethics; Volume 136, issue 1; pg 73-87	To study the effects of corporate governance mechanisms on CSR performance in China.	The dependent variable CSR performance is based on scores provided by the Rankins CSR Ratings (RKS) Data on board composition and TMT characteristics for this study were provided by a publicly available	The percentage of board members having foreign experiences nevertheless has positive effects on CSR activities. ize of the board though as a control variable was also found to have significant effects on CSR ratings. Background of board members had effect on CSR performance. The composition of TMT is relatively not as influential as the board. Foreign

					database for listed Chinese firms namely WIND Effective sample size of this study is 471 firms. The means, standard deviations, and inter-correlations of major variables were calculated.	experience clearly has some effects, rather than the mere presence of foreigners.

RESEARCH GAP

In view of the above review of literature, it can be seen that there is no dearth of literature on the impact of corporate governance on firm performance, impact of CSR activities on firm performance and impact of corporate governance mechanisms on CSR disclosure practices of a firm. However, very little research has been conducted in this field in India and as per author's knowledge, this study is the first attempt to study joint effect of CSR activities and Corporate Governance on firm performance. The extant literature is an adumbration that there exists some link between all the three variables i.e. Corporate governance mechanism, CSR activities and firm performance and this link can be seen as a prospect for research in terms of joint impact of CSR and corporate governance.

OBJECTIVES OF STUDY

With the research gap in mind, the present study aims at achieving the following objectives:

1. To study the Concept and Legal framework of Corporate Governance mechanism and CSR in India.

2. To examine the practices and pattern of Corporate Governance mechanism and CSR activities in Indian Corporate Sectors.
3. To study the impact of Corporate Governance Mechanisms on CSR disclosure practices.
4. To analyze the impact of Corporate Governance Mechanisms and CSR activities on Performance [On Operating and Financial] of Indian Corporate Sectors.

HYPOTHESES FORMULATION

On the basis of the above mentioned objectives, following will be the null hypothesis which the study aims to test.

HO_1: There is no Significant impact of Corporate Governance Mechanisms on the firm performance (Operating and Financial).

HO_2: There is no significant impact of Corporate Governance Mechanism on CSR disclosure practices of Indian Corporate sector.

HO_3: There is no significant impact of CSR activities on the firm performance (Operational and Financial).

HO_4: There is no significant impact of CSR activities and Corporate Governance Mechanisms on firm performance.

RSEARCH METHODOLOGY

Research Design

Nature of the research will be exploratory in nature.

Sources of Data

Data for the purpose of study will be collected from secondary sources like extant literature, newspapers, magazines and annual reports of firms.

Techniques of Sampling

For exploratory research, sampling will be done by non- probabilistic technique.

Sample Size

For empirical investigation, sample of 100 selected companies from BSE SENSEX for a period of 5 years from 2016-17 to 2020-2021 will be taken.

Data Analysis

- For presenting collected data, simple statistical tools like frequency distribution, histograms, bar diagrams and pie charts will be created.
- Data analysis will be performed by using usual statistical methods such as mean, median, weighted average, standard deviations and natural logarithms.
- For establishing the relationship between the dependent variable and independent variable, techniques of correlation and regression will be used.

OBJECTIVE WISE METHODOLOGY

OBJECTIVE	METHODOLOGY
To study the concept and legal framework of Corporate Governance mechanism and CSR in India.	By studying rules and regulations related to Corporate Governance and CSR under relevant Acts.
To examine the practices and pattern of Corporate Governance Mechanisms and CSR activities in Indian Corporate Sectors.	The objective will be achieved by studying annual reports of selected companies.
To study the impact of Corporate Governance Mechanisms on CSR disclosure practices.	Techniques of correlation and regression will be used to study this impact.
To analyze the impact of Corporate Governance Mechanisms and CSR activities on Performance [On Operating and Financial] of Indian Corporate Sectors.	The objective will be achieved by subjecting the collected data to various techniques of regression and correlation.

PROPOSED PLAN OF STUDY

Chapter-1	Introduction
Chapter- 2	Review of Literature
Chapter- 3	Concept of Legal Framework of Corporate Governance Mechanisms and CSR in India.
Chapter-4	Disclosure Practices and Patterns of Corporate Governance Mechanisms and CSR activities in Indian Corporate Sector.
Chapter-5	Study of the impact of Corporate Governance Mechanisms on CSR disclosure practices
Chapter -6	An analysis of the impact of Corporate Governance Mechanisms and CSR activities on Performance (operating and financial) Indian Corporate Sector.
Chapter - 7	Summary of findings, Conclusions, Practical Recommendations and Areas of future research will be suggested.

REFERENCES

1. Arora, A., & Sharma, C. (2016). Corporate governance and firm performance in developing countries: Evidence from India. *Corporate Governance: The International Journal of Business in Society,16*(2), 420-436. doi:10.1108/cg-01-2016-0018
2. Azeez, D. A. (2015). Corporate Governance and Firm Performance: Evidence from Sri Lanka. *Journal of Finance and Bank Management,3*(1). doi:10.15640/jfbm.v3n1a16
3. Bansal, N., & Sharma, A. K. (2016). Audit Committee, Corporate Governance and Firm Performance: Empirical Evidence from India. *International Journal of Economics and Finance,8*(3), 103. doi:10.5539/ijef.v8n3p103
4. Bhagat, S., & Bolton, B. J. (2007). Corporate Governance and Firm Performance. *SSRN Electronic Journal*. doi:10.2139/ssrn.1017342
5. Buallay, A., Hamdan, A., & Zureigat, Q. (2017). Corporate Governance and Firm Performance: Evidence from Saudi Arabia. *Australasian Accounting, Business and Finance Journal,11*(1), 78-98. doi:10.14453/aabfj.v11i1.6
6. Crisóstomo, V. L., Freire, F. D., & Vasconcellos, F. C. (2011). Corporate social responsibility, firm value and financial performance in Brazil. *Social Responsibility Journal,7*(2), 295-309. doi:10.1108/17471111111141549
7. Lau, C., Lu, Y., & Liang, Q. (2014). Corporate Social Responsibility in China: A Corporate Governance Approach. *Journal of Business Ethics,136*(1), 73-87. doi:10.1007/s10551-014-2513-0
8. Li, Q., Luo, W., Wang, Y., & Wu, L. (2013). Firm performance, corporate ownership, and corporate social responsibility disclosure in China. *Business Ethics: A European Review,22*(2), 159-173. doi:10.1111/beer.12013

9. Jamali, D., Safieddine, A. M., & Rabbath, M. (2008). Corporate Governance and Corporate Social Responsibility Synergies and Interrelationships. *Corporate Governance: An International Review,16*(5), 443-459. doi:10.1111/j.1467-8683.2008.00702.x
10. Jo, H., & Harjoto, M. A. (2011). The Causal Effect of Corporate Governance on Corporate Social Responsibility. *Journal of Business Ethics,106*(1), 53-72. doi:10.1007/s10551-011-1052-1
11. Khan, H. (2010). The effect of corporate governance elements on corporate social responsibility (CSR) reporting. *International Journal of Law and Management,52*(2), 82-109. doi:10.1108/17542431011029406
12. Maji, S. G., & Laskar, N. (2017). Corporate sustainability performance and firm performance: Evidence from India and South Korea. *International Journal of Corporate Strategy and Social Responsibility,1*(2), 118. doi:10.1504/ijcssr.2017.10005244
13. Mishra, S., & Suar, D. (2010). Does Corporate Social Responsibility Influence Firm Performance of Indian Companies? *Journal of Business Ethics,95*(4), 571-601. doi:10.1007/s10551-010-0441-1
14. Mubarak, M. M., & Hamdan, A. M. (2016). The Impact Of Corporate Governance On Market Capitalization: Evidence From Bahrain Bourse. *Corporate Ownership and Control,13*(3). doi:10.22495/cocv13i3p11
15. Muttakin, M. B., & Subramaniam, N. (2015). Firm ownership and board characteristics. *Sustainability Accounting, Management and Policy Journal,6*(2), 138-165. doi:10.1108/sampj-10-2013-0042
16. Narwal, K. P., & Jindal, S. (2018). Impact of Corporate Governance on the Financial Performance and Market Valuation: An Empirical Study of Indian Manufacturing Sector. *Al-Barkaat Journal of Finance & Management,10*(1), 1. doi:10.5958/2229-4503.2018.00001.2
17. Perrini, F., & Tencati, A. (n.d.). Stakeholder Management and Sustainability Evaluation and Reporting System (SERS): A New Corporate Performance Management Framework. *Organizations and the Sustainability Mosaic*. doi:10.4337/9781847205544.00014

18. Shahwan, T. M. (2015). The effects of corporate governance on financial performance and financial distress: Evidence from Egypt. *Corporate Governance: The International Journal of Business in Society,15*(5), 641-662. doi:10.1108/cg-11-2014-0140
19. Uadiale, O. M. (2010). The Impact of Board Structure on Corporate Financial Performance in Nigeria. *International Journal of Business and Management,5*(10). doi:10.5539/ijbm.v5n10p155